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World Production and Trade

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Weekly
Roundup

WR 30-84

July 25, 1984

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade:

OILSEEDS AND PRODUCTS

WORLD rapeseed production in 1984/85 is forecast at a record 15.9 million tons, 1.4 million above last season's outturn. Expanded plantings in Canada and Poland, combined with expected improved yields in the United Kingdom, are the major reasons for the larger production forecast. Global harvested area for 1984/85 is forecast at 14.3 million hectares--nearly 900,000 hectares above the 1983/84 area.

Canada accounts for nearly two-thirds of the above area expansion, as favorable oilseed prices encouraged farmers to shift from summer fallow, wheat and barley to rapeseed. However, a higher proportion of the crop was seeded late (June) because of excessive rainfall in parts of the Canadian prairies. Some replanting was necessary, and there is a risk of early frost damage to longer maturing varieties that were planted late. Recent dry, mild weather in most northern rapeseed areas in Canada was beneficial for growth as the crop entered the flowering stage with abundant moisture. Based on the 25-percent increase in Canadian rapeseed sowings and assuming near normal yields, the 1984/85 crop is forecast at 3.4 million tons--700,000 tons above last season's harvest and the largest output since 1979/80.

Rapeseed plantings in Poland expanded by nearly 60 percent to 387,000 hectares. These increased plantings and lower-than-expected winter losses have resulted in a 1984/85 production forecast of 774,000 tons, compared with 555,000 in 1983/84. Good June rains were beneficial for crop growth.

Rapeseed production in the United Kingdom in 1984/85 is forecast at 750,000 tons, nearly 30 percent above the 1983/84 crop, based on expected improved yields.

Together, Canada, Poland and the United Kingdom account for over 80 percent of the global increase in 1984/85 rapeseed output over 1983/84.

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SPAIN has imposed a 15-percent across-the-board reduction in the export rebate program designed to offset the domestic cascade taxes, effective July 11. Export rebates on soybean oil will be reduced by about 1 percent. In a related matter, Spain has increased the compensatory duty levied on soybean meal imports from 6.5 to 8.3 percent. The previous lower compensatory duty rate placed domestically produced meal at a disadvantage with respect to imported meal because of taxes on domestic production. In addition to the compensatory duty that is now set at 8.3 percent of the imported value, soybean meal imports also have a 2-percent import tariff.

DAIRY, LIVESTOCK AND POULTRY

The Livestock Industry Promotion Corporation (LIPC) in JAPAN announced a tender August 12 to purchase 10,000 tons of beef (3,950 tons of grain-fed). Delivery to the LIPC is to occur no later than Sept. 30, 1984. The killing date of the grain-fed beef is to be no earlier than July 1, 1984. LIPC purchase plans for grain-fed beef includes 1,200 tons of IMPS#116/Square Cut Chuck and 1,400 tons of IMPS#121B/Short Plate.

The SOVIET UNION has approached the Irish Dairy Board regarding a possible purchase of European Community (EC) butter. This is the second EC member state contacted by the USSR regarding butter purchases. The Soviets offered approximately the equivalent of US\$1,200 per ton. The Irish did not give the offer serious consideration because it would require them to ask the EC for an extra export subsidy of about US\$350 per ton. World butter prices were between \$1,250-1,400 in June and the EC intervention price is US\$2,557 per ton. The EC export subsidy is US\$1,002 per ton.

There have been two outbreaks of ASIA-I foot-and-mouth disease (FMD) diagnosed in GREECE near the Turkish border. This is an exotic strain that is not found in continental Europe. More stringent controls than are customary in the EC are being implemented. It is estimated that as many as 1,000 animals may have to be destroyed in order to contain the outbreak. The EC sent 50,000 doses of vaccine for the ASIA-I strain and plans to send 75,000 more.

This outbreak is extremely serious since the European livestock population is not being vaccinated against this strain. In fact, the supplies of vaccine are very limited. Current regulations prohibit the propagation of any exotic FMD strains in EC labs. Reportedly, the vaccine is being purchased from a lab in Iran.

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YUGOSLAVIA has banned imports of animals, products, raw materials and wastes from Greece and Turkey following reports of outbreaks of ASIA-I foot-and-mouth disease just across the border. Despite Yugoslavia's regular vaccination program, local veterinarians are concerned due to the virulence of the ASIA-I strain.

A major hog packing plant in Edmonton, Alberta, CANADA, which is responsible for 50 percent of the hogs slaughtered in that province, appears to have reached agreement with the local union. Terms of the new contract would include a starting wage of C\$6.99 per hour for new workers, C\$5.00 less than the previous base. New workers will receive a 75-cent raise every six months until they reach the current union wage of C\$11.99. Salaries of current union employees will remain unchanged. This contract settlement may have some effect on the outcome of labor negotiations currently underway in Ontario, the point from which the bulk of Canadian hogs are entering the United States for slaughter.

In the DOMINICAN REPUBLIC, production of poultry meat and eggs is expected to decline sharply in 1984, according to the U.S. agricultural attache in Santo Domingo. Meat production, forecast at 65,500 tons, and egg production, at 350 million eggs, are down 9 and 12 percent, respectively. With little feed production of its own, the Dominican Republic must import most of the corn and protein meal used by the poultry industry. Shortages of foreign exchange have caused irregular import flows, which in turn have caused spot feed shortages. Sharply higher feed prices, largely the result of appreciation of the dollar, are also acting as a major disincentive to maintaining production.

The UNITED KINGDOM has announced a change in its methods of controlling Newcastle disease in poultry. The change, effective July 16, allows vaccination with approved vaccines. The current method of mandatory slaughter with compensation will end September 28. More than 20 outbreaks of Newcastle disease have been announced thus far in 1984, indicating the policy of mandatory slaughter has not been fully effective in controlling the disease and had led to a depletion of the fund for compensation. The new policy could open the U.K. market to imports of poultry from countries such as the United States and France that routinely vaccinate against Newcastle disease.

COTTON AND FIBERS

EL SALVADOR's declining supply prospects for cotton and revitalization of the domestic textile industry have led to demands by the domestic textile union that the government require nearly half of domestic production be set aside for the local industry with the prospects of reducing the availability of exportable cotton.

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TOBACCO

In CANADA, the Ontario Flue-Cured Tobacco Growers Marketing Board (OFCTGMB) on July 16 announced that a final agreement with the Canadian Tobacco Manufacturers Council (CTMC) had been reached on the price and conditions for Ontario's 1984 flue-cured crop. The agreement will result in an Ontario flue-cured production target of 170 million pounds at a guaranteed minimum average price of C\$1.69 per pound. To stimulate exports the OFCTGMB agreed to lower the minimum grade price for export sales and the CTMC agreed to pay the growers up to 15 Canadian cents per pound to bring the price received for export purchases closer to the guaranteed minimum price.

In an unprecedented move, the government of Ontario has agreed to pay a subsidy equal to 2 Canadian cents per pound on Ontario flue-cured exports up to 79 million pounds. Financial obligation to the province could reach C\$1.6 million.

Growers expect to reach the 170-million-pound production target in 1984 easily since growing conditions since transplanting have been excellent. The industry has targeted 91 million pounds for domestic use and 79 million pounds for exports. Canada's 1984 flue-cured production is expected to total 190 million pounds in contrast to 1983's crop of 238 million.

Selected International Prices

Item		July 24, 1984		Change from previous week	A year ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT	\$ per MT
Wheat:					
Canadian No. 1 CWRS-13.5% 9/	189.50	5.16	+1.50	201.00	
U.S. No. 2 DNS/NS: 14%....	178.00	4.84	+4.50	179.00	
U.S. No. 2 S.R.W.	152.00	4.14	+1.00	158.00	
U.S. No. 3 H.A.D.....9/	182.00	4.95	-1.00	194.00	
Canadian No. 1 A: Durum...	191.00	5.20	+2.00	207.00	
Feed grains:					
U.S. No. 3 Yellow Corn....	152.50	3.87	-4.50	156.75	
Soybeans and meal:					
U.S. No. 2 Yellow.....	269.50	7.33	-9.90	280.90	
Brazil 47/48% SoyaPellets	187.00	--	0	244.00	
U.S. 44% Soybean Meal..10/	193.00	--	+5.00	237.00	
U.S. FARM PRICES 3/					
Wheat.....	119.04	3.24	0	122.71	
Barley.....	79.00	1.72	+1.38	79.46	
Corn.....	127.56	3.24	-1.57	127.56	
Sorghum.....	108.69	4.93	-.88	111.77	
Broilers 4/.....	1194.89	--	-29.98	1171.97	
EC IMPORT LEVIES					
Wheat 5/.....	79.45	2.16	-24.00	93.15	
Barley.....	73.45	1.60	-.90	95.30	
Corn.....	48.00	1.22	+1.10	58.00	
Sorghum.....	76.00	1.93	-.70	85.10	
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.	
EC INTERVENTION PRICES 7/					
Common wheat(feed quality)	143.10	3.89	-1.65	160.75	
Bread wheat (min. quality) 7/	153.15	4.17	-1.75	177.45	
Barley and all					
other feed grains.....	143.10	--	-1.65	160.75	
Broilers 4/ 6/.....	N.Q.	--	N.Q.	N.Q.	
EC EXPORT RESTITUTIONS (subsidies)					
Wheat	10.55	.29	+.30	25.50	
Barley.....	17.20	.37	+.30	48.45	
Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.	

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Twelve-city average, wholesale weighted average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.000 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/Reflects change in level set by EC. 9/ September shipment. 10/ October shipment. N.Q.=Not quoted. N.A.=None authorized. Note: Basis August delivery.

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Broilers 4/ 6/ 8/.....	N.Q.	--	N.Q.	N.Q.

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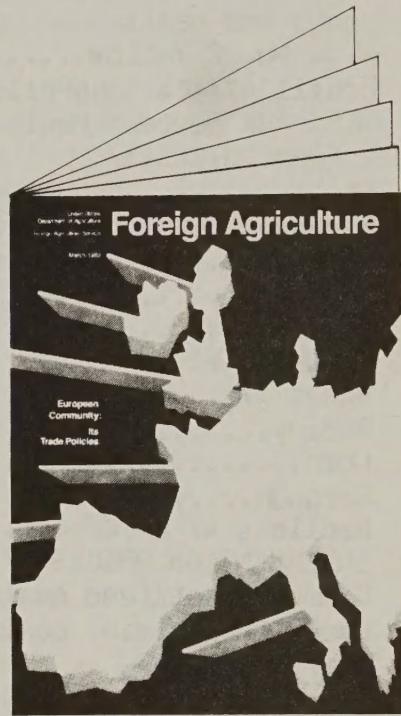
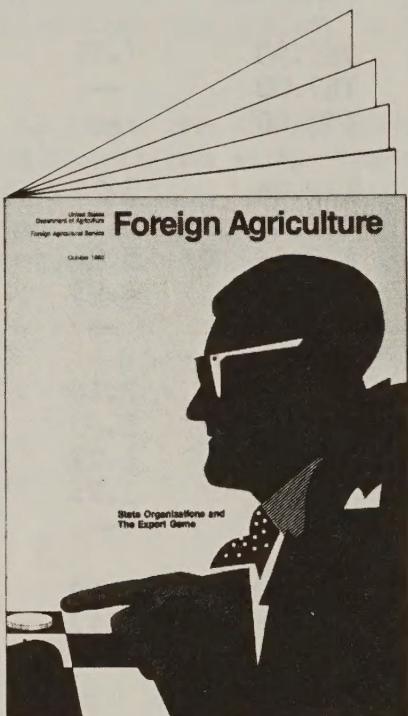
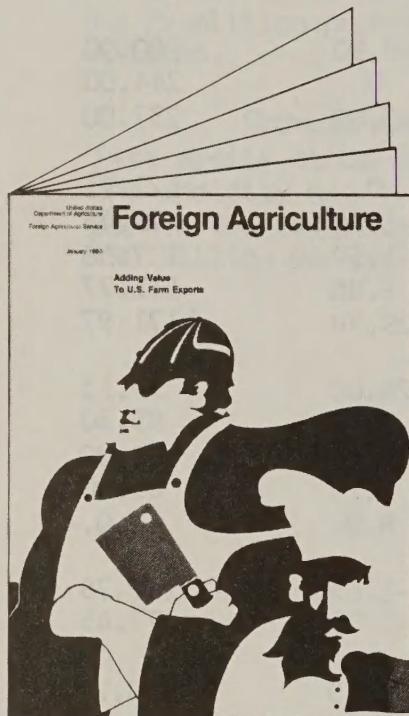
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